



The newsletter for the distribution sector

Q1 2015

Lincoln News

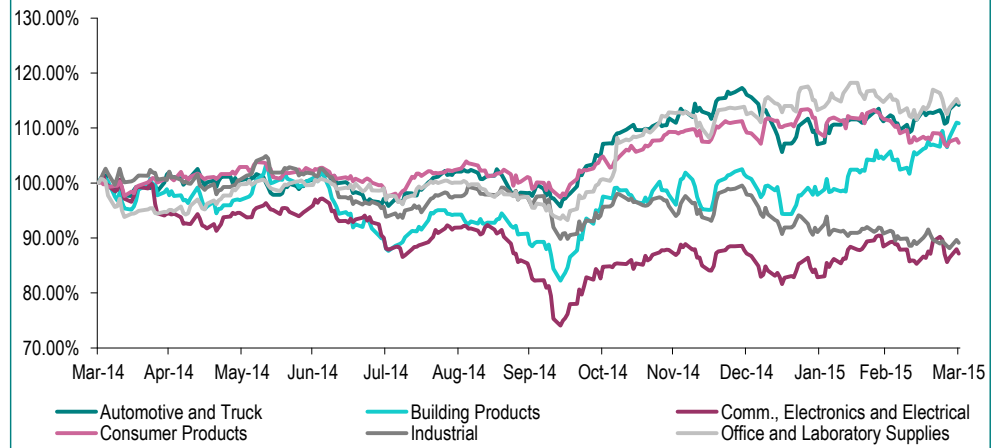
- Lincoln has a record year, completing 146 transactions in 2014 (up from 128 in 2013)
- 02/27/2015: Lincoln acts as the exclusive sell-side advisor to Shemin Landscape Supply, a portfolio company of Centre Lane Partners, in its sale to John Deere Landscapes, a portfolio company of Clayton Dubilier & Rice; Shemin is a distributor of landscape supplies and products

Market Intelligence

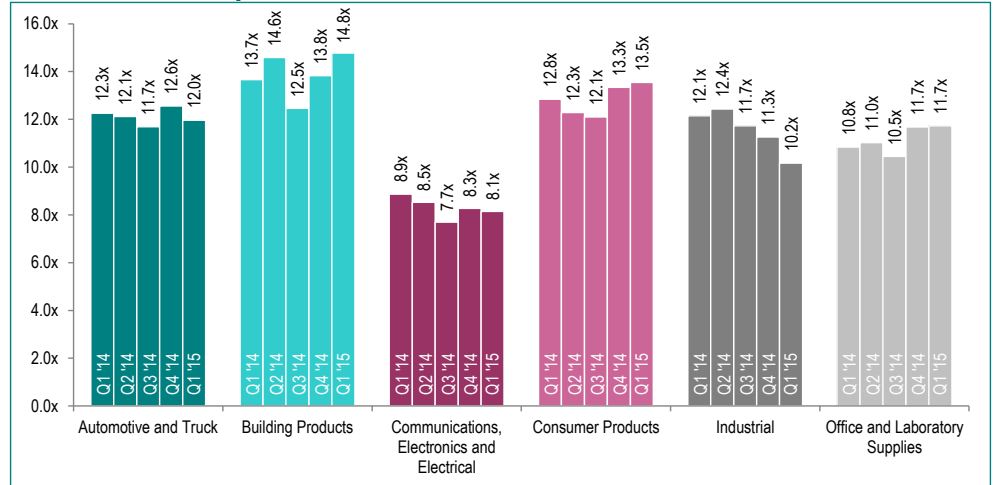
- 04/13/2015: **Builders FirstSource Inc.**, the Texas-based distributor of structural and related building products, announced its acquisition of ProBuild Holdings Inc. for \$1.63 billion, emphasizing the consolidation taking place in the homebuilding sector
- 03/25/2015: **Wolseley plc**, the Swiss-based distributor of plumbing and heating products, has ample resources to pursue acquisitions with a good M&A pipeline, and will continue to look for US bolt-on buys when possible
- 02/24/2015: **Bunzl plc**, the UK-based consumer products distributor, is looking to acquire in markets it already has a presence, such as Germany, as well as new markets including China
- 02/18/2015: **Arrow Electronics**, the Colorado-based distributor of electronic components and computing products, is seeking to continue to build out in Asia and pursue advantageous acquisitions, eyeing features and services it currently does not offer
- 02/02/2015: **Sysco Corporation**, the Texas-based food distributor, announced that it has reached a definitive agreement to sell Performance Food Group 11 US Foods facilities related to its pending merger with US Foods
- 01/27/2015: **Solar A/S**, the Danish-listed distributor of electrical, heating, plumbing and ventilation products, is likely to be busy on both the buy and sell side this year, focusing on existing markets to gain scale

Lincoln International Distribution Index

LTM Relative Stock Price Performance



Historical Enterprise Value / EBITDA Valuation Performance



M&A Transaction Recap (Selected Transactions)

Date	Target Company	Target Description	Acquiring Company
Pending	Miller Electric Supply, Inc.	Electrical supplies	Van Meter Inc.
Pending	Sysco Corp.	Food products	Performance Food Group Company
Pending	Prest-O-Sales & Service, Inc. and Prest-O-Peonic, Inc.	Industrial, specialty and medical gases	Tech Air
Pending	ATM Electronic Corp.	Semiconductors and integrated circuits	Arrow Electronics, Inc.
Pending	Anriker Inc., Fasteners Segment	Fastening solutions	American Industrial Partners
Pending	Electrical Distributors, LLC	Electrical components and supplies	Sonepar USA, Inc.
Pending	PrimeSource Building Products, Inc.	Fasteners and building materials	Platinum Equity, LLC
Pending	Advantage Industrial Automation, Inc.	Factory automation products	Graybar Electric Company, Inc.
Mar-15	AFC Holdings	Fasteners and related hardware products	Indine Equity Partners
Mar-15	M&A Welding Supply Company Inc.	Welding and safety supplies	nextAir LLC
Mar-15	QED, Inc.	Electrical supplies	Sonepar USA, Inc.
Mar-15	Engineered Machinery Inc.	Pumps and other semiconductor components	Ryan Herco Flow Solutions, Inc.
Mar-15	imxGroup, Inc.	IT services	Arrow Electronics, Inc.
Mar-15	Solar Deutschland GmbH	Electrical, heating and plumbing products	Sonepar S.A.
Feb-15	All Current Electrical Sales, Inc.	Electrical equipment	EBSCO Capital LLC
Feb-15	Jan-Mar Sales Limited and Quirumed S.L.	Healthcare, cleaning and hygiene supplies	Bunzl plc
Feb-15	MW Veterinary Supply, Inc.	Electrical supplies	AmerisourceBergen Corporation
Feb-15	Diversified Foodservice Supply, Inc.	Maintenance, repair and operations products	New Mountain Capital, LLC
Feb-15	United Technical Publishing	Digital provider of product information	Arrow Electronics, Inc.
Feb-15	Miller Bearings Inc.	Bearings, electric motors and components	Molon Industries, Inc.
Feb-15	GFI Stainless	Stainless steel and alloy fluid handling products	Ryan Herco Flow Solutions, Inc.
Feb-15	GCF, Inc.	Electrical, safety and automation products	Kaman Corporation
Feb-15	RDC	IT disposal and asset recovery services	Arrow Electronics, Inc.
Jan-15	TAKKT America Holding, Inc., Plant Equipment Group	Maintenance, repair and operations products	Global Equipment Company Inc.
Jan-15	Vanas n.v.	Tools and lifting accessories	Cebeo nv
Jan-15	Veyance Technologies, Inc.	Engineered rubber products	ConiTech AG
Jan-15	Fenitress Oil Company and Greg Wright Supply, Inc.	Fuels, lubricants and filters	RelaDyne, Inc.
Jan-15	High Pressure Equipment Company, Inc.	Pipes, fittings and tubing	Grao Fluid Handling Inc.
Jan-15	McGinnis Welding Supply Co., Inc.	Industrial, specialty and medical gases	Tech Air
Jan-15	Packaging Inc.	Packaging, fastening and strapping supplies	BlackHawk Industrial Distribution, Inc.
Jan-15	Professional Sanitary Supply Corp.	Janitorial and industrial supplies	Nichols Paper & Supply Co.
Jan-15	HD Supply Distribution Services, LLC	Hardware and specialty products	The Home Depot, Inc.

Lincoln International Distribution Index (Continued)

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM		
					Revenue	EBITDA			Revenue	EBITDA	
Automotive and Truck											
AutoZone, Inc.	\$ 682.16	98.2%	\$ 21,640	\$ 25,932	\$ 9,795	\$ 2,146	4.4%	21.9%	2.6x	12.1x	
Genuine Parts Company	93.19	85.5%	14,230	14,909	15,342	1,273	5.8%	8.3%	1.0x	11.7x	
LKQ Corp.	25.56	85.7%	7,773	9,529	6,740	790	22.7%	11.7%	1.4x	12.1x	
Building Products											
Beacon Roofing Supply, Inc.	\$ 31.30	79.6%	\$ 1,549	\$ 1,775	\$ 2,371	\$ 126	5.5%	5.3%	0.7x	14.1x	
Builders FirstSource, Inc.	6.67	71.0%	655	1,021	1,604	61	5.8%	3.8%	0.6x	16.8x	
HD Supply Holdings, Inc.	31.16	99.2%	6,146	11,318	8,882	810	7.9%	9.1%	1.3x	14.0x	
Watsco, Inc.	125.70	99.8%	4,069	4,596	3,945	324	4.0%	8.2%	1.2x	14.2x	
Communications, Electronics and Electrical											
Anixter International Inc.	\$ 76.13	71.9%	\$ 2,502	\$ 3,618	\$ 6,446	\$ 402	3.5%	6.2%	0.6x	9.0x	
Arrow Electronics, Inc.	61.15	94.1%	5,849	7,542	22,769	1,036	5.5%	4.6%	0.3x	7.2x	
Avnet, Inc.	44.50	92.4%	6,069	7,267	28,124	1,050	4.0%	3.7%	0.3x	6.9x	
Ingram Micro Inc.	25.12	81.1%	3,925	4,644	46,487	763	8.9%	1.6%	0.1x	6.1x	
Rexel SA	18.87	90.1%	5,477	7,854	15,834	822	(11.1%)	5.2%	0.6x	10.8x	
ScanSource, Inc.	40.65	94.6%	1,165	1,049	3,040	119	6.0%	3.9%	0.3x	8.9x	
Consumer Products											
Bunzl plc	\$ 27.20	93.0%	\$ 8,928	\$ 10,258	\$ 9,595	\$ 705	(5.5%)	7.4%	1.1x	15.3x	
Core-Mark Holding Company, Inc.	64.32	89.9%	1,488	1,571	8,170	102	4.1%	1.2%	0.2x	15.5x	
Pool Corp.	69.76	98.3%	3,046	3,355	2,247	204	6.2%	9.1%	1.5x	16.4x	
SpartanNash Company	31.56	99.3%	1,194	1,757	7,916	222	n/a	2.8%	0.2x	7.9x	
Sysco Corporation	37.73	91.0%	22,349	25,113	48,097	2,383	4.9%	5.0%	0.5x	10.5x	
United Natural Foods, Inc.	77.04	91.8%	3,858	4,385	7,555	280	17.0%	3.7%	0.6x	15.7x	
Industrial											
Airgas, Inc.	\$ 106.11	89.2%	\$ 7,971	\$ 10,374	\$ 5,271	\$ 970	3.9%	18.4%	2.0x	10.7x	
Applied Industrial Technologies, Inc.	45.34	86.2%	1,864	2,180	2,667	214	9.0%	8.0%	0.8x	10.2x	
DXP Enterprises, Inc.	44.09	38.3%	627	1,038	1,500	140	15.4%	9.3%	0.7x	7.4x	
Fastenal Company	41.44	79.4%	12,244	12,219	3,734	859	9.9%	23.0%	3.3x	14.2x	
Kaman Corporation	42.43	95.1%	1,152	1,420	1,795	147	5.1%	8.2%	0.8x	9.7x	
MSC Industrial Direct Co., Inc.	72.20	74.7%	4,467	4,916	2,840	466	7.1%	16.4%	1.7x	10.5x	
W.W. Grainger, Inc.	235.81	87.4%	15,835	16,170	9,965	1,594	4.4%	16.0%	1.6x	10.1x	
WESCO International Inc.	69.89	75.1%	3,115	4,437	7,890	524	5.0%	6.6%	0.6x	8.5x	
Office and Laboratory Supplies											
Henry Schein, Inc.	\$ 139.62	97.0%	\$ 11,700	\$ 12,910	\$ 10,371	\$ 867	7.0%	8.4%	1.2x	14.7x	
United Stationers Inc.	40.99	91.3%	1,581	2,274	5,327	259	4.7%	4.9%	0.4x	8.8x	
Mean		86.9%					10.3%	8.3%	1.0x	11.4x	
Median		90.1%					5.5%	7.4%	0.7x	10.7x	

Source: Bloomberg, Capital IQ and company filings, as of 03/31/2015
Note: dollars in millions, except stock price

About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and pension advisory services on a wide range of transaction sizes. With sixteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

Officer Contacts



Brad Keyworth
Director
bkeyworth@lincolninternational.com
+1-312-506-2710



Curt Tatham
Managing Director
ctatham@lincolninternational.com
+1-312-580-8329

Contributors

Bridget Mollner, Associate
bmollner@lincolninternational.com
Ryan Rakocy, Analyst
rrakocy@lincolninternational.com

